

**Minutes of the Regular Meeting of the Okanogan County
Public Utility District Board of Commissioners
Held in Okanogan March 30, 2004**

Present:

Board:	David Womack, Darrel Bunch, Donald Johnson
Staff:	Harlan Warner, Chuck Berrie, Derek Miller, Don Clutter, Kathy Gordon, Julie Pyper
Other:	Michael Howe - Legal Counsel
Public:	Bob Lloyd, Larry Smith, Roberta Donnor, Lance Haney, Dave Johnson, Esther Johnson, Brian Kirchner, Shana Hammett, Rebecca Meadows, and attendees at 10:00 a.m. social honoring retiring Manager Warner

President Womack called the meeting to order at 8:30 a.m. The agenda was amended to include the following discussion items: possible joint meeting with Ferry County PUD; meeting location on April 27th; PPC Voluntary Fish Assessment; Stoel Rives Pre-Engagement Letter/Waiver regarding the Slice litigation; and the Washington PUD Association's position paper on BPA's long-term allocation. The presentation by Jack Horner of the North Central Educational Service District will be rescheduled.

Summary Agenda

1. Approval of Minutes
2. Approval of Work Orders
3. Approval of Vouchers
4. Approval of Transfer of Accounts
5. Public Comment
6. Bid No. 312-04 - Mobile Vehicle Lift
7. BPA Rate Change for LB CRAC
8. Twisp Office Update
9. WPUDA Voluntary Assessment for BPA Rollback
10. RTO/SMD Funding for NW Alliance
11. PPC Voluntary Fish Assessment
12. Resolution No. 1276 - Honoring Retiring Manager
13. Utility Tree Replacement
14. Joint Meeting with Ferry County PUD
15. Stoel Rives Pre-Engagement Letter/Waiver re: Slice Litigation
16. WPUDA BPA Long-Term Allocation
17. Public Comment
18. Meetings
19. Executive Session - Personnel; Potential Sale of Property
20. Resolution No. 1277 - Appointing Manager

1. Approval of Minutes:

Commissioner Bunch moved, and Commissioner Johnson seconded, to approve the Minutes of the March 9, 2004 regular meeting.

Commissioner Johnson moved, and Commissioner Bunch seconded, to amend Item 14 (Professional Services Agreement - Envirometrics) to include "up to" with regard to the \$20,000 consulting fee. The motion carried.

Upon the vote of the Minutes as amended, the motion carried.

2. Approval of Work Orders:

The following work orders were submitted for approval:

03-0607	District, Hwy. 97 (Rev. #1)	\$1,908.00
04-0004	Ty Olson, 15 Red Apple Rd.	\$659.00
04-0066	Catherine Bucholtz, 1187 Hwy. 7, Tonasket	\$4,264.00
04-0086	North Valley Internet/Weyerhaeuser, Hwy. 97 at Weyerhaeuser Chip Reload	\$910.00
04-0088	District, Omak River Rd.	\$614.00
04-0092	City of Omak, Dewberry Ave.	\$864.00
04-0104	Donald Super, 253 Antwyne Lane	\$4,605.00
04-0105	District, Lemanasky Rd.	\$2,200.00
04-0113	Gerb DeJong, 29 Horse Spring Coulee Rd.	\$7,632.00
04-0114	Major Daliwahl, Hwy. 97	\$3,500.00
04-0115	District, Riverview Rd.	\$715.00
04-0116	District, 29 Kirkpatrick Rd.	\$690.00
04-0117	Harry Koski, 25 Kirkpatrick Rd.	\$2,642.00
04-	Mennonite Mission School, Hwy. 7 near Parry's Acreage	\$1,350.00

0119		
04-0122	George Frank (Crow's Nest Development), Tunk Creek Rd.	\$2,406.00
04-0123	District, Red Apple Rd., Brewster	\$730.00
04-0124	Gebbers Farms, Inc., 125 Gebbers Lane, Brewster	\$7,568.00
04-0125	Gebbers Farms, Inc., Monse Cutoff Rd.	\$1,096.00
04-0128	District, Hwy. 97 South of Okanogan Bridge	\$925.00
04-0129	Jick Reese, 90 Cherokee Rd., Omak	\$546.00
04-0130	District/City of Omak RV Park, Eastside City Park	\$5,290.00
04-0135	District, Okanogan	\$575.00
	Total	\$51,689.00

Commissioner Bunch moved, and Commissioner Johnson seconded, to approve the work orders. The motion carried.

3. Approval of Vouchers:

Vouchers No.'s 81152 through 81207 in the amount of \$772,015.74, No.'s 81208 through 81235 in the amount of \$164,796.97, No.'s 81236 through 81304 in the amount of \$399,644.27, and No.'s 81305 through 81344 in the amount of \$957,731.16 were approved for payment from the revenue fund.

Commissioner Bunch moved, and Commissioner Johnson seconded, to approve the vouchers. The motion carried.

4. Transfer of Accounts:

The following accounts/invoices were submitted for write-off/collection due to nonpayment:

Bishop, Miranda L.	\$344.85
Clark, John C. (Estate)	\$55.07
Cline III, Billie	\$614.17
Diaz, Silvia	\$167.22
Finley, Terrah	\$149.23
Frear, Shane I.	\$221.16

George, Cassandra	\$12.18
Gibson, Mellisa Dawn	\$178.19
Gregory, Keenan & Louie, Amanda	\$40.60
Ibarra, Jose Enrique Ortiz	\$19.90
Kosters, Shirley	\$198.42
Layng, Bruce & Sherrie	\$103.51
Longoria-Railsback, Kristen	\$14.35
Lopez, Hipolito Aguilar	\$89.96
Loyd, Rick	\$245.16
Lopez, Rafael	\$49.61
Lopez, Rafael	\$90.04
Mapes, Eli & Vera	\$200.77
Miller, John	\$21.35
New, Walter	\$140.70
Paul, Pam A.	\$270.72
Perez Garcia, Felix	\$21.78
Phillips, Lauren R.	\$187.03
Pillow, Dale	\$57.25
Plotke, Frank R.	\$200.43
Pursley, Kathy A. (Estate)	\$26.92
Rodio, Lori	\$124.37
Rutledge, Liz	\$373.65
Rutledge, Liz	\$81.70
Saulmon, Bobby (Estate)	\$89.15
Schulz, Denise	\$129.86
Stiles, Joann A.	\$2.58
Sweat, Alison	\$43.44
Thomas, Michelle	\$112.21
Van Ells, Dan	\$94.01
West, Matthew	\$177.58
Total:	\$4,949.12

Commissioner Bunch moved, and Commissioner Johnson seconded, to approve the account transfers. The motion carried.

5. Public Comment:

Brian Kirchner requested time to comment during the honoring of retiring Manager Warner.

6. Bid No. 312-04 - Mobile Vehicle Lift:

Chief Engineer Derek Miller reported that the District received one bid in response to Bid No. 312-04 for a mobile vehicle lift. Automotive Resources, Inc. of Langley, Washington bid \$34,342 for a four-post set mobile vehicle lift. It is the staff's recommendation to award Bid No. 312-04 to Automotive Resources, Inc. in the amount of \$34,342. The estimated cost was \$35,000.

Commissioner Johnson moved, and Commissioner Bunch seconded, to award Bid No. 312-04 in the amount of \$34,342 to Automotive Resources, Inc. for a four-post set mobile vehicle lift. The motion carried.

7. BPA Rate Change for LB CRAC:

Assistant Manager Chuck Berrie reported that beginning April 1, 2004, the District will see an approximate \$25,000 per month increase in its Slice power bill and about \$12,000 per month on its Block purchases from the current Load Based Cost Recovery Adjustment Clauses. The LB CRAC changes every six months and is triggered if the cost to augment the Federal Columbia River power system exceeds the amount forecast in the original May 2000 rate case. Staff noted that part of the increase is also attributed to failure of the Slice settlement.

8. Twisp Office Update:

In evaluating the customer base and staffing needs in the Twisp area, Customer Service Supervisor Kathy Gordon noted that a pay station, a full-time customer service representative, and a modification of the current contract were considered. Staff has determined that the most cost-effective option is to continue contracting with the Methow Valley Community Center. The current contract provides for payment of a rental fee of \$300/month and a service fee of \$2,000/month, with the District to provide and maintain, at its cost, materials, supplies and equipment.

Methow Valley Community Center Board members Bob Lloyd and Larry Smith were in attendance regarding the Lease and Service Agreement submitted by the MVCC Board. Their proposal addresses District concerns regarding training, relief and communications. The agreement provides for a facility rental fee of \$300/month and a service fee of \$2,500/month, which was revised from MVCC's original proposal of \$3,000/month due to a change in training requirements. District staff has estimated the total cost of the proposal at \$34,800/year, which includes miscellaneous expenses of \$100/month.

Commissioner Bunch moved to enter into an office rental and customer service contract with the Methow Valley Community Center in the amount of

\$300/month for rental fees, \$2,500/month for service fees and \$100/month for miscellaneous expenses.

Attorney Howe noted that the staff's provision for \$100/month miscellaneous expenses is inconsistent with the agreement's provision that the District shall provide and maintain, at its cost, materials, supplies and equipment for the MVCC to perform required services.

Commissioner Bunch retracted his motion to allow staff an opportunity to redraft the Lease Agreement for the Attorney's review and Commission approval at the next meeting.

9. WPUDA Voluntary Assessment for BPA Rollback:

Chuck Berrie reported that the Washington PUD Association, at its February 21, 2004 board meeting, agreed to a voluntary assessment to fund the BPA Rate Rollback Project. This is an official project of the Association using \$30,000 of existing Association monies and asking members to voluntarily contribute \$60,000/month.

It was noted that the Public Power Council is also working on the project. Following discussion, the Commissioners declined at this time to participate in the BPA Rate Rollback Project voluntary assessment.

10. RTO/SMD Funding for NW Alliance:

The Commissioners readdressed the February 23, 2004 letter from the Douglas PUD Board of Commissioners urging continued support of the Northwest Power Works campaign and its partner the Alliance of State Leaders for the Protection of Electric Customers. The campaign was initiated to call into question the Federal Energy Regulatory Commission's demands for formation of Regional Transmission Organizations and implementation of Standard Market Design. A balance of \$58,000 needs to be raised.

Commissioner Womack moved, and Commissioner Bunch seconded, to contribute \$2,000 to the Northwest Power Works/Alliance campaign. Upon the vote, Commissioner Johnson voted nay as he said the project is not part of the Washington PUD Association budget, other groups are working on the campaign, and the District can spend its efforts and funds somewhere else. The motion carried.

11. PPC Voluntary Fish Assessment:

Chuck Berrie reported that the Public Power Council is leading an effort to reduce summer spill at Federal dams to meet BPA's proposal for reducing operations costs by \$100 million. PPC is also working to modify the 2000 NOAA-Fisheries BiOp to allow consideration of more economically efficient measures for fish and wildlife mitigation. In addition, PPC has been invited to advise BPA on negotiating a Memorandum of Agreement with the States and Tribes for funding fish and wildlife mitigation from 2006 and beyond. Funding for PPC's fish efforts in 2004 is \$30,000, and additional funds are needed.

Commissioner Bunch moved, and Commissioner Womack seconded, to contribute \$1,000 toward Public Power Council's voluntary fish assessment. Upon the vote, Commissioner Johnson voted nay. The motion carried.

12. Resolution No. 1276 - Honoring Retiring Manager:

Resolution No. 1276 was presented in honor of retiring Manager Harlan Warner for outstanding service to Okanogan County PUD. Mr. Warner began employment with Okanogan PUD on June 27, 1966 and has served as Manager since April 1, 1982. The Commissioners extended their deepest appreciation to Harlan Warner for his dedication and commitment to the District. Brian Kirchner thanked Mr. Warner for his service to the community and, in past years, to the Biles and Coleman lumber company.

Commissioner Bunch moved, and Commissioner Womack seconded, to adopt Resolution No. 1276. The motion carried.

13. Utility Tree Replacement:

Derek Miller noted that Okanogan PUD annually trims about 1,000 trees to prevent tree growth from contacting the nearly 1,500 miles of District electrical lines that serve customers. Trimming and removing limbs costs the District approximately \$250,000 per year. In addition, there is a cost for outages incurred by falling trees or limbs that have not been trimmed.

In an effort to minimize tree-trimming costs for ratepayers, the District staff is recommending the development of a comprehensive Tree Management Program. The program would be at no cost to the customer, and would include a tree removal and replacement policy, planting guidelines, advertising and education.

Commissioner Johnson moved, and Commissioner Bunch seconded, to authorize staff to proceed with implementing a Tree Replacement Program, while keeping the Commission apprised of the process. The motion carried.

14. Joint Meeting with Ferry County PUD:

Commissioner Bunch noted that Ferry County PUD had expressed an interest in holding another joint meeting with Okanogan County PUD.

Following discussion, the Commissioners requested that staff coordinate a joint meeting with Ferry County PUD and consider an evening meeting in Tonasket on April 27th.

15. Stoel Rives Pre-Engagement Letter/Waiver re: Slice Litigation:

Harlan Warner noted that a letter dated March 12, 2004 was received from the Stoel Rives law firm regarding a Pre-Engagement Conflicts Waiver. Stoel Rives has been retained by the Slice Group to represent the Slice customers in arbitration with Bonneville Power Administration, specifically the True-Up Adjustment sent by BPA under the Slice Contract for the contract year ended September 30, 2003. Before undertaking this work, Stoel Rives has requested assurance that this representation will not subject their firm to disqualification as to current and future unrelated work for other clients. By signing the Waiver, the District waives any conflicts that may arise or that currently exist with respect to Stoel Rives' representation of other utilities that have signed Slice Contracts on issues related to the engagement.

Attorney Howe noted that the disclosure by Stoel Rives is required by the Ethical Rules for Attorneys, and he agreed with Stoel Rives' conclusion that due to the limited nature of their engagement by Okanogan PUD, he did not see a problem with the fact that they may represent PacifiCorp or other clients on matters that are not directly related to the purpose of the District's engagement.

Commissioner Johnson moved, and Commissioner Bunch seconded, to follow the advice of the legal counsel to acknowledge and consent to representation by the Stoel Rives law firm by endorsing the Pre-Engagement Conflicts Waiver with respect to the Slice Contract. The motion carried.

16. WPUDA BPA Long-Term Allocation:

Commissioner Johnson reviewed points of note from the Washington PUD Association's workshop on BPA's future, which was held in Seattle on March 17-19, 2004

The Washington PUD Association, at the March 19, 2004 board meeting following the workshop on BPA's future, unanimously adopted a ten-issue

policy position, which purpose is to guide participation by the WPUDA in an effort to define and implement a long-term allocation of the Federal power system in the Northwest.

Commissioner Johnson moved, and Commissioner Bunch seconded, to authorize the Manager to write a letter to the Washington PUD Association advising that the District appreciates and supports the efforts of the WPUDA in defining a policy position in an effort to define and implement a long-term allocation of the Federal power system in the Northwest. The motion carried.

17. Public Comment:

There was no public comment.

18. Meetings:

Commissioner Johnson attended the Washington PUD Association's workshop on BPA's future on March 17-19, 2004 in Seattle; and the Energy Northwest Budget Workshop FY2005 held on March 23-24, 2004.

Chuck Berrie noted that a PPC meeting will be held in Portland on April 1, 2004 at 8:00 a.m. In addition, a NoaNet meeting is scheduled in Silverdale on April 13-14, 2004.

Dan Boettger noted that in recognition of Arbor Day, a Tree City USA celebration will be held at the Legion Park in Okanogan on April 23, 2004.

The next Okanogan PUD Board meeting is scheduled for 6:00 p.m., April 6, 2004 at the Twisp Valley Grange.

19. Executive Session - Personnel; Potential Sale of Property:

President Womack recessed the Commission into executive session at 12:00 p.m. to discuss personnel and potential sale of property.

President Womack reconvened the Commission into regular session at 12:30 p.m. and immediately recessed back into executive session.

President Womack reconvened the Commission into regular session at 1:00 p.m.

20. Resolution No. 1277 Appointing Manager:

Resolution No. 1277 appointing Chuck Berrie as Manager was brought before the Commission for consideration and subsequent adoption at the next regularly scheduled meeting.

There being no further business to discuss, the meeting adjourned at 1:00 p.m.

David A. Womack, President

ATTEST:

Darrel E. Bunch, Vice-President

Donald W. Johnson, Secretary